

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

November 5, 2020

Jeff Marootian
Director
District Department of Transportation
55 M Street, S.E., Suite 400
Washington, DC 20003

Re: DDOT Revised Response to OIG Report No. 19-2-22KA

Dear Director Marootian:

On September 23, 2020, the Office of the Inspector General's (OIG) issued its final report entitled [*Prime Contractor for the Streetcar Program Billed and Received \\$5.2 Million in Improper Payments from the District*](#). In total, the OIG found the prime contractor charged the District Department of Transportation (DDOT) for expenses that were duplicative, unauthorized, excessive, unallowable, and unreasonable. These improper payments amounted to a total of \$5,232,349.

In its initial agency response to the report, DDOT disagreed with two of the OIG's recommendations, Recommendation 5 and Recommendation 7, concerning the recoupment of excess actual overhead costs and excessive fees for service. These recommendations constitute almost \$1.2 million due to the District. Since the report's release, DDOT has worked with the OIG team to better understand the recommendations. DDOT has now agreed that it should recoup all overpayments of overhead costs and excessive fees. DDOT's revised response, dated October 23, 2020, is included as Attachment A to this letter.

In the coming fiscal year, the OIG will follow up on DDOT's efforts to recoup these improper payments. We will make this letter available on the [OIG's website](#).

We appreciate DDOT's continued attention in addressing the matters raised by the OIG, and its efforts to protect the District's finite resources. If you have any additional questions concerning this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at 202-727-2540.

Sincerely,

A handwritten signature in blue ink, appearing to read "DWL", with a stylized flourish at the end.

Daniel W. Lucas
Inspector General

DWL/mnw

cc: See Distribution List.

Attachment

DISTRIBUTION:

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Government of the District of Columbia
Department of Transportation



d. Office of the Director

October 23, 2020

Mr. Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th Street, NW, Fifth Floor
Washington, DC 20005

Dear Mr. Lucas:

I am writing in response to your September 23, 2020, report detailing the results of the Office of the Inspector General's (OIG)'s final report, *Prime Contractor for the Streetcar Program Billed and Received \$5.2 Million in Improper Payments from the District (OIG Project No. 19-2-22KA)*.

Specifically, this is in response to the OIG *Actions Required* section on page 9 of the report, stating *We request that DDOT reconsider its position and provide additional responses to Recommendations 5 and 7 within 30 days of the date of this final report.*

Revised responses to the two recommendations are below:

OIG Recommendation 5: *Recoup \$580,515 in excess of actual overhead costs*

DDOT Response: DDOT agrees any overpayment of overhead costs should be recouped. DDOT has received the OIG workpapers and is reviewing the contract and attachments. A meeting was held with the contractor last week to discuss this finding. DDOT will report progress within the next 30 days.

OIG Recommendation 7: *Recoup \$584,012 in excessive fees for service*

DDOT Response: DDOT agrees any overpayment of fees for service should be recouped. While the contract established a 12% fee, the FY17 A/E Schedule put a cap on fee amount at a not to exceed 10%. DDOT is working with OCP to further discuss this finding. DDOT will report progress within the next 30 days.

We appreciate the opportunity to work with the OIG staff on this audit. If you should have any additional questions, please do not hesitate to contact me.

Sincerely,



Jeff Marootian
Director
District Department of Transportation

CC: [REDACTED], Mayor's General Counsel
[REDACTED], Deputy Mayor for Operations and Infrastructure
[REDACTED], Chief Administrative Officer, DDOT
[REDACTED], Chief Project Delivery, DDOT
[REDACTED], Associate Director - Transit Delivery Division, DDOT
[REDACTED], Agency Fiscal Officer, OCFO
[REDACTED], Chief Contracting Officer, OCP